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Message Text

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40
ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 EB-11 FEA-02 TRSE-00 COME-00 INT-08 CEA-02

CIEP-02 OMB-01 SAM-01 STR-08 DRC-01 /122 W
---------- 063559
R 030840Z APR 74
FM AMEMBASSY TOKYO
TO SESTATE WASHDC 1025
AMEMBASSY TAIPEI
INFO AMCONSUL HONG KONG
USLO PEKING
CINCPAC HONLULU HAWAII

C O N F I D E N T I A L TOKYO 4397

E.O. 11652 GDS
TAGS: ENRG, '-, CH
SUBJ: ADDITIONAL SALES OF CHINESE OIL TO JAPAN

REF: TOKYO 3960

CINCPAC FOR POLAD

1. ACCORDING PRESS REPORTS, GROUP OF JAPAANESE FIRMS HAS CONCLUDED AGREEMENT TO PURCHASE ONE MILLION TONS OF OIL FROM PRC DURING 1974. AGREEMENT REPRESENTS SUCCESS OF EFFORTS BY SEVENTEEN-FIRM JAPANESE GROUP TO ESTABLISH NEW CHANNEL TO IMPORT ADDITIONAL QUANTITIES OF CHINESE CRUDE OIL INTO JAPAN (SEE REFTEL). CHINESE WILL REPORTEDLY SUPPLY 300,000 TONS OF OIL IN ARIL-JUNE PERIOD AND 700,000 TONS IN JULY - DECEMBER PERIOD THROUGH NEW CHANNEL. PRESS HAS REPORTED THAT PRICE OF OIL TO BE DELIVERED IN APRIL-JUNE PERIOD WILL BE $14.80 PER BARREL; PRICE OF OIL FOR DELIVERY FROM JULY-DECEMBER 1974 HAS NOT YET BEEN DETERMINED.

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2. IN RESPONSE EMBASSY INQUIRY, MITSUI SOURCE WHO WAS

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MEMBER OF MISSION EXPLAINED THAT MISSION LEADER HASEGAWA, CHAIRMAN OF ASIAN OIL CO., HAD INSTRUCTED THAT RESULTS OF NEGOTIATIONS BE CONSIDERED AS CONFIDENTIAL. MITSUI REP DID CONFIRM THAT QUANTITIES WERE CORRECT AS REPORTED IN PRESS; HOWEVER, HE SAID PRICE AGREED WAS HIGHER THAN REPORTED $14.80 FIGURE. ASKED WHY JAPANESE HAD ACCEPTED SUCH HIGH PRICE, HE HINTED THAT CHINESE HAD INDICATED THAT PRICE FOR OIL FOR DELIVERY IN JULY-DECEMBER PERIOD, WHICH IS YET TO BE NEGOTIATED, WOULD BE SOMEWHAT LOWER THAN INITIAL 3 MONTH PRICE. MITI SOURCE ALSO SAID INTIAL PRICE AGREED TO BECAUSE JAPANESE HAD BEEN GIVEN "STRONG INDICATIONS" THAT PRICE WOULD DROP AFTER JULY 1.

3. JAPANESE INTERNATIONAL OIL COMPANY HAD PREVIOUSLY CONCLUDED AGREEMENT FOR PURCHASE OF 1.5 MILLION TONS OF CHINESE OIL IN 1974. NEW AGREEMENT BRINGS TOTAL CONTACTED DELIVERIES OF CHINESE OIL IN 1974 TO 2.5 MILLION TONS.
SHOESMITH

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NNN

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